



# CITY OF DIAMONDHEAD, MISSISSIPPI

Agenda Item 2015-095

[www.diamondhead.ms.gov](http://www.diamondhead.ms.gov)

5000 Diamondhead Circle  
Diamondhead, MS 39525-3260

Phone: 228.222.4626  
Fax: 228.222.4390

July 9, 2015

Mayor and Councilmembers  
5000 Diamondhead Circle  
Diamondhead, MS 39525

Dear Mayor and Council Members:

Recommended for your consideration and approval is the 2015 Keep American Beautiful Annual Affiliate Fee in the amount of \$100.00. The annual fee along with timely filing of annual and semi-annual reports are a requirements to maintain Good Standing/ President's Circle status with Keep America Beautiful, Inc. The Keep Diamondhead Beautiful Committee prepares and submits the reports and completes training requirements.

One of the benefits as a member and affiliate in Good Standing/President's Circle is the City is eligible to receive beautification funds distributed by Keep Mississippi Beautiful. Our office has received notification the City of Diamondhead will receive \$500.00 provided all requirements are met by August 1<sup>st</sup>.

Thank you in advance for your consideration and approval.

Sincerely,

Clovis Reed  
City Manager

CR:jk

attachment

Elaine Bienvenu

Agenda Item  
2015-095

**From:** Shannon O'Donnell <sodonnell@kab.org>  
**Sent:** Thursday, July 09, 2015 10:03 AM  
**To:** pingnpny@bellsouth.net; pmontjoy@cableone.net; Elaine Bienvenu  
**Subject:** FW: INVOICE: 2015 Affiliate Network Service Fee

Invoice below.

**Shannon O'Donnell**  
**Senior Manager, Affiliate Services**  
**Keep America Beautiful**  
1010 Washington Blvd., Stamford, CT 06901  
Office: 203-659-3074  
Fax: 203-659-3075  
Email: [sodonnell@kab.org](mailto:sodonnell@kab.org)  
[kab.org](http://kab.org)

paid before  
aug 1, 2015

**KEEP AMERICA  
BEAUTIFUL**

*How will you Keep America Beautiful? Donate and learn how to take action at [kab.org](http://kab.org).*

---

**From:** Shannon O'Donnell  
**Sent:** Wednesday, February 25, 2015 12:39 PM  
**To:** 'pmontjoy@cableone.net'  
**Subject:** INVOICE: 2015 Affiliate Network Service Fee

**KEEP AMERICA  
BEAUTIFUL**

Keep America Beautiful, Inc.  
1010 Washington Blvd.  
Stamford, CT 06901

**INVOICE**

---

Mr. Paul Montjoy  
Team Leader  
Keep Diamondhead Beautiful  
63767 Diamondhead Dr. N.  
Diamondhead, MS 39525

**February 25, 2015**

**Invoice Number:** NSF15-0544-IN1

**Description** 2015 KAB Annual Affiliate Fee for KAB Certified Affiliates  
**Amount Due:** \$100

Please remit within 30 days. Prompt payment of Network Service Fees is one of the criteria for Good Standing for KAB affiliates. If you have any questions regarding this invoice, please contact Affiliate Services (203-659-3074) or email [sodonnell@kab.org](mailto:sodonnell@kab.org).

Make check payable and send to:  
Keep America Beautiful, Inc.  
Annual Affiliate Fee

1010 Washington Blvd.  
Stamford, CT 06901



*Tear off this portion of your invoice and mail it along with your check to the address provided above.*

**Invoice Number:** NSF15-0544-IN1

**Amount Due:** \$100

**Payment Due Date:**

Mr. Paul Montjoy  
Team Leader  
Keep Diamondhead Beautiful  
63767 Diamondhead Dr. N.  
Diamondhead, MS 39525

***Good Standing / President's Circle Requirements:***

1. Active Executive Director/Coordinator - **question 3 in the General Survey** section of your Re-trac profile at <https://connect.re-trac.com>
2. Active Board of Directors - **question 1 in the General Survey** section of your Re-trac profile
3. Attend 6 hours of approved training annually - **question 2 in the General Survey** section of Re-trac. Email or call KAB with date, description and title of training to get approval. Attending National KAB Conferences or State Affiliate conferences qualifies and does not require approval
4. Submit Semi-Annual (due March 15) and Annual Reports (due August 1) each year – Semi-Annual and Annual Reports can be completed online at <https://connect.re-trac.com>
5. Keep current with Annual Affiliate Fee



KEEP AMERICA BEAUTIFUL AFFILIATE

Affiliates,

It's the end of our fiscal year and we are able to send a \$500 contribution to each of you who receive Keep America Beautiful's President's Circle Award.

To receive the President's Circle award, you must complete your Semi-Annual Report (which was due March 13) and that you submit your Annual Report by August 1.

We will mail checks out on August 2.

We thank you for all that you do!!

*Cheri  
Please don't miss out  
It was great to  
meet you at  
MMK  
Saul*

208 Key Drive, Suite B · Madison, Mississippi 39110  
neeley@keepmsbeautiful.com · [www.keepmsbeautiful.com](http://www.keepmsbeautiful.com)  
601.853.4441 · Fax 601.853.4150

**KEEP AMERICA  
BEAUTIFUL**





# CITY OF DIAMONDHEAD, MISSISSIPPI

Agenda Item 2015-096

[www.diamondhead.ms.gov](http://www.diamondhead.ms.gov)

5000 Diamondhead Circle  
Diamondhead, MS 39525-3260

Phone: 228.222.4626  
Fax: 228.222.4390

July 14, 2015

Mayor and Councilmembers  
5000 Diamondhead Circle  
Diamondhead, MS 39525

Dear Mayor and Councilmembers:

Attached for your review and consideration is a proposed agreement with Professional Grant Management Services, LLC. The agreement will secure the services of a Grant Writer and Manager consultant with a monthly retainer fee in the amount of \$2,500. The scope of services as well as the hourly obligation to the City (minimum of 80 hours per month requiring a minimum of 40 hours on-site) are outlined in the agreement and exhibits.

Your favorable consideration will provide the necessary resources to pursue grant opportunities securing needed funding for special projects and services throughout the City.

Thank you in advance for your approval in the matter.

Sincerely,

Clovis Reed  
City Manager

CR:jk

## AGREEMENT

THIS AGREEMENT made and entered into this \_\_\_\_ day of \_\_\_\_\_ 2015, by and between the City of Diamondhead, Mississippi (hereinafter referred to as "City"), and Professional Grant Management Services, LLC (hereinafter referred to as "Consultant"), who agree and contract as follows:

### WITNESSETH THAT:

**WHEREAS**, the City desires to engage the "Consultant" to render certain technical and professional services as the City's "Grant Writer and Manager" for a monthly retainer fee of Twenty-Five Hundred Dollars (\$2,500.) to provide the services outlined in the Scope of Services in Exhibit "A";

**WHEREAS**, the Consultant is obligated to dedicate a minimum of 80 hours a month to the City of Diamondhead, which will be broken into 20 hours weekly working on projects for the City of Diamondhead, as so directed by the City Manager. At least 40 hours each month will be onsite and the other can be at the Consultant's office. Consultant will provide timesheets along with monthly invoice to document work that was performed during the month; and

**WHEREAS**, the City of Diamondhead and the Consultant acknowledge that this contract is effective for a one year period from the date of execution with two (2) one year automatic renewals, if both parties are in agreement.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. Engagement of Consultant. The City hereby agrees to engage the Consultant, and the Consultant hereby agrees to perform services set forth in the Scope of Services.

It is expressly agreed and understood by both parties that Consultant shall at all times be acting as an independent contractor and not as an employee of the City. The Consultant and the City agree that each party individually shall bear the sole and complete responsibility for filing appropriate tax forms and returns, maintaining appropriate insurance, and complying with applicable laws and regulations relating to employment or income for and on behalf of itself only.

2. Scope of Services. The Consultant agrees to satisfactorily render and provide services hereinafter set forth in Exhibit "A", Scope of Services.

3. Disposition of Work. All contract documents and similar work materials prepared by the Consultant in completing the scope of services, set forth as Exhibit "A", shall be the property of the City.

4. Period of Performance. The services provided under this Agreement by the Consultant shall continue for one (1) year from the date signed and will renew

automatically for two (2) one year terms or as long as is mutually agreeable to the parties hereto. The terms of the Agreement, specifically the "Scope of Services" and "Compensation" to the Consultant can, however, be reviewed annually and modified as is mutually agreeable to the two parties.

5. Termination for Convenience. Either party may terminate this Agreement at any time by giving written notice to the other party of such termination and specifying the effective date thereof. Such written notice shall be furnished at least thirty (30) days before the effective date of termination. In that event, all finished or unfinished documents and materials shall become the property of the City. In the event of termination for convenience by Consultant, all payments, after the date of termination, shall be forfeited to the City, and any obligation by the City to the Consultant shall be terminated. In the event of termination for convenience by City, all payments should be made to the Consultant for all work completed to date of termination and all finished work product will become property of the City.

6. Compensation Due to Consultant. The City agrees to pay and the Consultant agrees to perform the services for a monthly sum of \$2,500 not to exceed \$30,000 in a calendar year for a retainer fee. The Consultant shall invoice the City for monthly retainer fee and any additional services according to the compensation chart set forth in Exhibit "B". The City or Consultant may, from time to time, request changes in terms of this Agreement. Such changes, including any increase or decrease in the amount of compensation due the Consultant, shall be mutually agreed upon by the parties hereto and shall be incorporated in written amendments to this Contract.

7. Travel and Expenses: The Consultant will provide receipts for all previously approved Travel and Expenses involving projects, seminars, conferences and work for the City of Diamondhead and the City agrees to pay the Consultant for said travel, mileage, postage, lodging and other reasonable expenses.

8. Successors and Assigns: The City and Consultant each binds itself and its partners, successors, executors, administrators, and assigns to the other party of this Agreement and to the partners, successors, executors, administrators, and assigns, or such party, in respect to all covenants of this Agreement. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of any public body, which may be a party hereto, nor shall it be construed as giving any rights or benefits hereunder to anyone other than the City and the Consultant.

9. Miscellaneous Provisions. This Agreement shall be construed in accordance with the laws of the State of Mississippi. In case one or more of the provisions in the Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, non-enforceability shall not affect any other provision thereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. Any amendments to this Agreement shall not be effective unless consented to, in writing, by both parties. The Consultant will not

voluntarily or by operation of law assign or otherwise transfer its obligations under this Contract without the prior written consent of the City.

10. Notice. All notices, demands or other communications required or permitted by the terms of this Contract, will be given in writing and delivered to the Parties of this Contract as follows:

- a. The City of Diamondhead  
Attn: City Manager, Clovis Reed  
5000 Diamondhead Circle  
Diamondhead, MS 39525
- b. Professional Grant Management Services, LLC  
Attn: Michele Moore, President  
P.O. Box 1465  
Biloxi, MS 39533

IN WITNESS WHEREOF, the City of Diamondhead and the Consultant have executed this Agreement this the \_\_\_\_ day of \_\_\_\_\_ 2015.

Professional Grant Management Services, LLC  
P.O. Box 1465      11100 Oneal Road  
Biloxi, MS 39533      Vancleave, MS 39565

By: \_\_\_\_\_  
Michele Moore, President

ATTEST:

\_\_\_\_\_

The City of Diamondhead  
5000 Diamondhead Circle  
Diamondhead, MS 39525

By: \_\_\_\_\_  
Clovis Reed, City Manager

ATTEST:

\_\_\_\_\_  
City Clerk



## ***EXHIBIT "A"***

### ***SCOPE OF SERVICES***

The Consultant shall, perform, and carry out in a satisfactory and proper manner such work as the City determines is necessary to accomplish the activities identified by the City for the Consultant to undertake. Specific job tasks that the Consultant shall assist the City in performing include, but are not necessarily limited to, the following:

#### **FOR MONTHLY RETAINER FEE**

- A. Meet with City Management to Understand the City's Vision and Develop a Strategy to Research and locate Grant Opportunities
- B. Write Grant Applications
- C. Attend meetings with Local, State and Federal Agencies
- D. Establish Filing System
  - 1. Establish a filing system to keep and maintain the necessary records as appropriate for implementation of the grant in accordance with applicable federal, state, and local rules and regulations.
- E. Overall Coordination of Project Activities - Develop a Project Timeline

#### **ADDITIONAL SERVICES**

The Consultant will perform "Additional Services" as notated on compensation schedule as listed on Exhibit "B".

## ***Exhibit "B"***

### ***COMPENSATION DUE TO CONSULTANT and METHOD OF PAYMENT***

#### **Monthly Retainer**

Monthly Consulting Retainer \$2,500 per month \$ 30,000

#### **Grants with Administration Funding**

***100% of administration funds allocated within the grant award shall be paid to the Consultant as compensation for all services required under the grant award.***

Examples:

- Community Development Block Grant (CDBG)
  - Procurement/Bid Advertisement
  - Contract Review & Budget Oversight
  - Financial Management & Request for Cash Drawdowns
  - Davis Bacon Labor Standards Act (Certified Weekly Payroll/Employee Interviews)
  - Section 3 Training
  - HUD Reporting
  - Monitoring
  - Closeout/Final Audit
- Tidelands
  - Procurement/Bid Advertisement
  - Contract Review & Budget Oversight
  - Financial Management & Request for Reimbursement
  - Monitoring
  - Closeout & Final Audit

### ***Payment and Additional Services***

#### **Grants with "No Administration" Funding**

- |  |          |
|--|----------|
| • Administering and Managing Grants for City         |          |
| • NEPA Environmental Services                        | \$ 5,000 |
| • Small Municipalities and Limited Population Grants | \$ 2,500 |
| • MDWFP - Outdoor Recreational Grants                | \$ 2,500 |
| • USDA Community Facility Loans/Grants               | \$ 1,500 |
| • Capital Improvements Loan Application              | 2%       |
| • Development Infrastructure Program Grant           | 2%       |
| • RESTORE/MDEQ                                       | *        |
| • Economic Development Highway Funds                 | *        |
| • Tax Increment Financing                            | *        |

***\* The fees for these grants will be negotiated under separate contracts.***



# CITY OF DIAMONDHEAD, MISSISSIPPI

Agenda Item 2015-098

[www.diamondhead.ms.gov](http://www.diamondhead.ms.gov)

5000 Diamondhead Circle  
Diamondhead, MS 39525-3260

Phone: 228.222.4626  
Fax: 228.222.4390

July 16, 2015

Mayor and Councilmembers  
5000 Diamondhead Circle  
Diamondhead, MS 39525

Dear Mayor and Councilmembers:

We have received notification from Hub International/Fox Everett that administration services for COBRA will no longer be available. They have recommended two firms to assume these services for the City. After careful review and consideration, I am recommending to engage in COBRA Administration Services with Conexis and to authorize the City Manager to execute the necessary documents.

Conexis fees for their services are \$.60 per month for each qualifying employee or a minimum monthly assessment of \$40.00. Given the current number of employees, the City would be assessed the minimum monthly of fee of \$40.00 or \$480.00 annually. Thank you for your consideration and approval in this matter.

Sincerely,

Clovis Reed  
City Manager

CR:jk

attachment



## **COBRA Administration through CONEXIS**

### **Set Up Procedures**

- Initial paperwork and service agreement is completed by the Employer. Once the paperwork is submitted, the employer will be assigned to an implementation coordinator who will be responsible for setting up their account on the CONEXIS system. During implementation, Employer completes a spreadsheet, to CONEXIS specifications, with all insured/eligible employees, which will be uploaded into the CONEXIS system.
- A CONEXIS implementation specialist contacts the Employer's Benefit Administrator and arranges a training session via phone and web site.
- CONEXIS and the employer audit the employers information installed on the CONEXIS web site and verifies that the reporting contacts and scheduled reports are correct.
- The group is transitioned from the implementation phase and becomes active on their personalized web site. Employer is notified via e-mail, provided a username and password for the CONEXIS website and given all contact information. All service, web site issues are handled by the client service team at CONEXIS.

### **Eligible Employees (New) Procedures**

- Employer adds all newly eligible employees to data base on the website
- CONEXIS generates and sends Initial COBRA rights paperwork to new employee

### **Qualifying Event Procedures**

- Employer processes qualifying event through the website, adding dependant information as appropriate
- Employer processes Terminations of coverage with appropriate carriers.
- CONEXIS generates COBRA rights and qualifying event paperwork and sends to former employee and dependents as appropriate.
- Former employee is put in "Continuant Pending" status until election and payment is received. Employer is notified through reports auto generated by CONEXIS. (Continuation Pending Report and Status of Cobra Continuant Report)





- The Employer needs to check the Continuation Pending and Status of Continuant Reports on line for current status and appropriate action weekly.
- If COBRA is elected, continuant is put in “COBRA” Status. Employer reinstates continuant with the appropriate carriers. Employer is notified through reports, auto generated by CONEXIS. CONEXIS can also send a weekly “changes only” report to carrier informing them of any additions, terminations or changes to COBRA coverage’s (additional fees may apply).
- Payments for Cobra elections are sent to CONEXIS. CONEXIS in turn sends the premiums to the employer by the Seventh business day of the following month.
- When COBRA benefits end due to non-payment, voluntary termination, exhaustion of benefits or any other reason the Employer terminates coverage with appropriate carriers. Employer is notified through reports auto generated by CONEXIS. If CONEXIS also sends a weekly “changes only” report to carrier informing them of any additions, terminations or changes to COBRA coverage’s, it is still the employers responsibility to ensure that changes are actually made by the carrier.

#### **Additional Information**

- CONEXIS bills, collects and tracks payments of COBRA continuants.
- One check is issued to employer monthly, CONEXIS retains the 2% surcharge
- Group reports and individual status can be viewed 24/7.
- CONEXIS indemnifies employer from any fines, taxes, penalties and claims associated with the COBRA administration (as outlined in the CONEXIS Service Agreement).



## COBRA in General

COBRA stands for the Consolidated Omnibus Budget Reconciliation Act of 1985. This federal law requires employers that sponsor group health plans to offer certain individuals, who would otherwise lose their group health plan coverage as a result of a specific event (such as employment termination or certain changes in family status), the opportunity to continue group health plan coverage for a limited period of time at applicable group rates.

## Employers Subject to COBRA

Generally, an employer is subject to COBRA if the employer offers a group health plan. There are a few exceptions:

### 1. Small employers with fewer than 20 employees

- Fewer than 20 employees on 50 percent or more of the typical working days in the preceding calendar year

**Employees** include all full-time and part-time common-law employees. Part time employees are counted as a **fraction of an employee**, equal to the number of hours a part-time employee works divided by the number of hours required to qualify as **full time**.

- Many states have adopted laws similar to COBRA that provide continuation coverage to the employees of small employers. Please review the laws of your state for more information.
- ### 2. Church plans, as defined in Internal Revenue Code §414(e)
- ### 3. Federal government plans

## Controlled Groups

Two or more employers that meet certain common ownership levels are deemed to be members of a **controlled group**. All of the employers within a controlled group shall be treated as a single employer and the number of employees of each employer will be combined for purposes of determining if the company is subject to COBRA.

**Note:** A U.S. subsidiary of a foreign corporation with fewer than 20 employees is subject to COBRA if the controlled group has 20 or more employees worldwide.

## About this Cheat Sheet

We designed this Cheat Sheet to be an easy-to-use reference tool for the most important aspects of COBRA. The rules and regulations governing COBRA continuation coverage are extensive and this Cheat Sheet does not contain all of the information about any part of COBRA law. It's simply a handy tool when you need a quick reminder or a starting point for deeper learning.

## Plans Subject to COBRA

For COBRA purposes, a **group health plan** is any plan maintained by an employer to provide health care benefits to employees, former employees, spouses or dependents. The types of plans subject to COBRA include:

- Medical, dental, and vision
- Prescription drug plans
- Health FSAs, HRAs, and executive reimbursement plans

**Note:** There are special rules for these types of plans that are outside the scope of this Cheat Sheet. Before taking any action related to these plans and COBRA, you must seek out more information.

- Certain EAPs, wellness programs, cancer policies, and employer-sponsored drug and alcohol treatment programs and health clinics (depending on the type of benefits offered)

COBRA does not apply to health savings accounts (HSAs), long-term care policies, life insurance, disability insurance, or other types of ancillary insurance that are not group health plans.

## Qualifying Events

A qualifying event occurs when one of the events listed below causes a loss of coverage under the terms of the group health plan.

For the employee, spouse, and dependents:

- Voluntary or involuntary termination of employee (except for "gross misconduct," which is undefined in the regulations)
- A reduction in hours of employment that results in the loss of benefits or an increase in premiums or contribution

For spouse and dependents only:

- Divorce or legal separation from employee
- Loss of dependent child status
- Death of covered employee/retiree
- Employee entitlement to Medicare

**Note:** An employee's entitlement to Medicare is rarely a qualifying event because the Medicare Secondary Payer (MSP) rules generally (but not always) prohibit an employer from terminating an active employee's coverage due to Medicare entitlement. When there is no loss of coverage, a qualifying event has not occurred.

## Qualified Beneficiaries

Under COBRA, **qualified beneficiaries** have special rights that are not available otherwise. To be a qualified beneficiary, an individual must be covered under the plan the day before the qualifying event occurs and be one of the following:

- The covered employee
- The covered federally-recognized spouse
- A covered dependent
- A child born to, or placed for adoption with, the covered employee during a period of COBRA coverage

Covered employees are:

- Any employee or former employee covered under the group health plan
- Agents and independent contractors covered by the group health plan
- Corporate directors covered by the group health plan
- Any covered employees defined by section 401(c) (1) (self-employed)

Qualified beneficiaries must be treated the same as "similarly situated non-COBRA beneficiaries." This means that qualified beneficiaries have all the same rights as active employees within the same employee class and/or category. Therefore, qualified beneficiaries generally can add family members during a plan's open enrollment period or when HIPAA special enrollment rights apply. Any individuals added by open enrollment are covered under COBRA but are not qualified beneficiaries and do not have separate election rights. If the qualified beneficiary that chose to cover these individuals later loses COBRA coverage, the coverage for these individuals also ends.

## COBRA Continuation Coverage

COBRA coverage must be identical to the coverage that is available to "similarly situated beneficiaries" (employees in the same class and/or category) under the plan that provided coverage to the qualified beneficiary. This is typically the same coverage the qualified beneficiary had the day before the qualifying event. This coverage cannot be reduced in any way or require proof of insurability.

Qualified beneficiaries must be given all of the same open enrollment rights and options that are given to active employees. Any open enrollment materials that are provided to active employees must also be provided to qualified beneficiaries.

If an employer modifies coverage for active employees, the same modifications apply to the corresponding COBRA continuation coverage (e.g., the employer changes insurance carriers or changes from an HMO to a PPO).



## Duration of Coverage

Generally, the **maximum coverage period** (the period of time that COBRA continuation coverage is available) is 18 months for employee qualifying events (termination and reduction of hours) and 36 months for spouse and dependent qualifying events. Federal COBRA also includes an 11-month disability extension for individuals that meet certain requirements. Coverage may also be extended through the multiple qualifying event rule, the Family Medical Leave Act (FMLA), and state insurance laws.

### Multiple Qualifying Events

If an original qualifying event is a termination or reduction of hours and is followed by a second qualifying event within the initial 18-month coverage period, the maximum coverage period for the affected spouse and dependents is 36 months, measured from the same starting date of the 18-month coverage period. The second qualifying event must be the death of the covered employee, the divorce or legal separation of the covered employee, or the loss of dependent child status. This rule only applies if the second qualifying event would have caused a loss of coverage under the terms of the plan if this event had occurred first.

## Early Termination of COBRA

COBRA continuation coverage may be terminated "early" (i.e., before the end of the maximum coverage period) if a qualified beneficiary voluntarily requests to end coverage or fails to make timely payment. Continuation coverage may also be terminated early when the qualified beneficiary first becomes covered under any other group health plan, including Medicare entitlement, but only if the other plan does not contain any pre-existing condition exclusion or limitation that can be applied to the qualified beneficiary (There are limitations on plans' imposing a pre-existing condition exclusion and such exclusions will become prohibited starting with plan years that begin in 2014). **Note:** Medicare entitlement requires that an individual has reached age 65 and has applied for, or is receiving, Medicare benefits.

COBRA continuation coverage will end early in the event that the employer terminates all group health plans for all active employees.

### A Special Note about Other Coverage

A qualified beneficiary can have both COBRA continuation coverage and other group health plan coverage (including Medicare) at the same time, so long as the other coverage was in place prior to the election of COBRA coverage. COBRA continuation coverage can only be terminated when the individual first becomes covered under another group health plan or Medicare after COBRA coverage has already been elected.

## Electing COBRA Coverage

Qualified beneficiaries have **separate election rights**, meaning that coverage configurations can be customized because each qualified beneficiary must be treated the same as an active employee from the same class and/or category. more ...

**Need a large print version? Send an email to [marketing@conexis.com](mailto:marketing@conexis.com).**

A qualified beneficiary must be given a 60-day election period, measured from the later of the date coverage ends or the date the COBRA election notice is sent. An election is valid as long as it is made prior to the expiration of the 60-day election period. If the election notice is mailed, the election is "made" when the qualified beneficiary sends the notice to the plan administrator.

## Paying for COBRA Coverage

In the absence of any severance or other agreement to the contrary, qualified beneficiaries must pay for COBRA continuation coverage. A group health plan may charge 102 percent of the applicable premium during standard COBRA coverage periods and 150 percent of the applicable premium during an 11-month disability period.

For insured plans, the **applicable premium** is the cost to maintain the plan for similarly situated employees. For self-insured plans, the applicable premium is the cost to maintain the plan for similarly situated employees as determined by an actuary (or similar methods).

Group health plans must allow qualified beneficiaries to pay for coverage on a monthly basis. To maintain coverage, qualified beneficiaries must make timely payments for all premiums due. **Timely payments** are payments made within 45 days after the election date (for the first payment) and within 30 days after the first day of each subsequent coverage period (or the later of any grace period given to the employer by the carrier or any grace period allowed similarly situated employees). A payment is "made" when it is sent by the qualified beneficiary.

### Insignificant Underpayments

Group health plans must accept a short payment if the payment falls within "insignificant underpayment" guidelines. These guidelines specify that an underpayment is insignificant if the shortfall is no greater than the lesser of \$50 or 10 percent of the required amount. Insignificant underpayments give rise to a new 30-day grace period that begins after notice of the shortfall is provided to the qualified beneficiary. The amount of the shortfall must be paid within this 30-day grace period or coverage may be canceled.

## Rate Increases

Rate increases may be passed on to qualified beneficiaries, but premium amounts must be fixed for each 12-month rate determination period, which is set at the plan level and applies to all qualified beneficiaries, regardless of when their specific coverage period begins. The amount charged may only be increased during the 12-month rate determination period under the following circumstances:

1. Increasing the rate from 102 percent to 150 percent during an 11-month disability extension period.
2. If the plan was charging less than the maximum rate permitted, an adjustment can be made to bring the rate to the 102 percent or 150 percent maximum allowed rate.
3. If the qualified beneficiary initiates a permissible change in coverage which results in more expensive coverage (e.g., adding a spouse or child).

## Required Notices

Under COBRA, employers (or the employer's designated plan administrator) are required to provide notices to certain individuals when specified events occur.

### General Notice of Continuation Coverage

The General Notice informs covered individuals of their continuation rights under COBRA upon the future occurrence of a qualifying event (DOL regulations specify a 90-day notification time frame). This notice must be sent when the employer first becomes subject to COBRA, when a new employee (and spouse, if any) becomes covered under the plan, or when an employee adds a spouse to the plan upon marriage or open enrollment. The General Notice includes basic information about COBRA and informs the employee and spouse of their responsibility to notify the employer when certain events occur.

### Election Notice

The Election Notice is given to qualified beneficiaries upon the occurrence of a qualifying event and includes information about the type of qualifying event, the date of qualifying event, the loss of coverage date, the election period expiration date, the type(s) of coverage available, the premium amounts and due dates, an explanation of separate election rights, the length of the continuation coverage period, the reasons why coverage may be terminated, and the name, address, and phone number of the plan administrator. If the employer and the plan administrator are the same, this notice must be provided within 44 days of the qualifying event. If the employer and plan administrator are not the same, the employer has 30 days to notify the plan administrator that a qualifying event has occurred and the plan administrator then has 14 days in which to provide the Election Notice.

### Notice of Early Termination

Whenever a qualified beneficiary loses COBRA continuation coverage for any reason other than reaching the end of the maximum coverage period (18 or 36 months, depending on the qualifying event), the plan must provide a notice that identifies the date of coverage termination and the reason for the loss of coverage.

### Notice of Unavailability

If a plan administrator receives notice that a qualifying event has occurred (or notice of a second qualifying event) or a notice of disability and determines that the individual described in the notice is not entitled to COBRA coverage (or to an extension of the maximum COBRA coverage period), then the administrator must provide a Notice of Unavailability to the individual within the same time frame as the COBRA Election Notice.

## Qualified Beneficiary Requirements

Qualified beneficiaries have 60 days to notify the plan administrator whenever there is a loss of dependent child status or there is a change in marital status (i.e., legal marital separation or divorce). Qualified beneficiaries also have 60 days to notify the plan administrator of the Social Security Administration's determination of disability (where applicable). In the event that a disabled qualified beneficiary is later determined to no longer be disabled, the qualified beneficiary must notify the plan administrator within 30 days of the determination.